



Christopher M. Alston
U.S. Bankruptcy Judge

(Dated as of Entered on Docket date above)

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In Re:

MIGHTY-O CORP.,

Debtor

Case No: 24-11738-CMA

ORDER CONFIRMING PLAN

The amended plan under chapter 11 of the Bankruptcy Code filed by the Debtor Mighty-O Corp. on December 18, 2024, or a summary thereof, having been transmitted to creditors and equity security holders; and it having been determined after hearing on notice that the requirements for confirmation set forth in 11 USC §1191(b) have been satisfied;

IT IS ORDERED that the amended plan filed by Mighty-O Corp. on December 18, 2024 is confirmed. A copy of the confirmed plan is attached.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

/// End of Order ///

Presented By:

James E. Dickmeyer, PC

By /s/ James E. Dickmeyer

James E. Dickmeyer WSBA #14318
520 Kirkland Way Suite 400
PO Box 2623
Kirkland WA 98083-2623
(425) 889-2324
Attorney for Debtor

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In Re:

MIGHTY-O CORP.,

Debtor

Case No: 24-11738-CMA

AMENDED PLAN OF
REORGANIZATION

DEBTOR'S PLAN OF REORGANIZATION

Debtor Mighty-O Corp. (the "Debtor") submits this small business plan of reorganization pursuant to 11 USC §1190. Debtor filed a voluntary Chapter 11 bankruptcy petition on July 14, 2024 (the "Petition Date")¹ and elected to be treated as a small business debtor under Subchapter V of Chapter 11 of the Bankruptcy Code.

A. Description and History of the Debtor's Business and
General Description of Plan

Mighty-O Donuts was founded in 2000 with the goal of introducing all-natural organic donuts to the market. The company distributed its products via wholesale and through retail shops, which also sold coffee and beverages alongside the donuts. Mighty-O initially sold at local festivals and operated out of a shared bakery, delivering donuts wholesale to cafés and grocery stores in the greater Seattle area, including Whole Foods and PCC. In 2003, it opened its first retail shop near Green Lake in Seattle. In 2012, the company opened a commissary warehouse production kitchen in Tukwila to support its wholesale and retail expansion. Mighty-O continued to grow, opening retail stores in Seattle's Ballard and Capitol Hill

¹ Definitions of capitalized terms used in this Plan of Reorganization are set forth on Exhibit C.

neighborhoods in 2015, and in the Denny Triangle and Financial District neighborhoods in 2017.

Mighty-O experienced modest growth for many years until the COVID-19 pandemic in 2020. The pandemic severely impacted Mighty-O's ability to operate a financially sound business. The company experienced a significant drop in customer traffic and a decrease in employee availability, preventing it from operating at full capacity. Additionally, Mighty-O faced major disruptions in supply chains, vendor services, and rising costs due to inflation. The downtown Seattle areas, including Mighty-O's stores in the Denny Triangle (1812 Boren) and Financial District (1000 2nd Ave), were especially hard hit and continue to be negatively affected. The company closed its 2nd Avenue store for two years and reduced the hours of its other stores. Mighty-O's wholesale distribution partners were also severely impacted by the pandemic, resulting in a significant reduction in wholesale income.

As a result of a combination of factors, including the adverse effects of the pandemic, increased costs due to inflation, decreased sales, and high fixed lease costs, Mighty-O filed for Chapter 11 bankruptcy protection.

The Debtor's Plan includes reducing occupancy expenses at its 1000 2nd Avenue store by amending the lease to pay 5% of income. The Debtor will also reduce occupancy costs at its commissary on E. Marginal Way by giving up unnecessary space and decrease administrative expenses by terminating its virtual assistant contract with Capita Works. The Debtor will apply the resulting cost savings to pay creditors.

B. Events in this Bankruptcy Case

The Debtor filed this case July 14, 2024 and elected to be treated under Subchapter V and Michael DeLeo was appointed Subchapter V Trustee. Shortly after the filing the Debtor rejected its lease of the retail location at 1812 Boren Avenue and surrendered possession to the landlord on August 31, 2024. The Debtor obtained authority from the court to honor gift cards that were purchased prepetition.

The Debtor's operations have consisted of primarily retail coffee and donut sales at its four Seattle locations and wholesale operations at its Marginal Way facility:

	<u>Gross Sales</u>	<u>Expenses</u>	<u>Profit</u>
July 14-31	223,462 ²	102,511	102,951
August	227,018	205,188	21,830
September	223,656	218,733	4923

² This figure may represent gross revenue for the entire month of July

1
2 James E. Dickmeyer has acted as general counsel for the Debtor and has applied for
3 approval of his employment retroactive to the petition date. No other professionals were
4 employed by the Debtor.

5 C. Liquidation Analysis

6 To confirm the Plan, the Court must find that all creditors and equity interest holders
7 who do not accept the Plan will receive at least as much under the Plan as such claim and
8 equity-interest holders would receive in a chapter 7 liquidation. The liquidation analysis
9 required by 11 USC §1190 is attached to the Plan as Exhibit A.

10 The Debtor estimates that if the case were liquidated under Chapter 7 on the
11 Effective Date, creditors holding nonpriority general unsecured claims would receive no
12 dividend. The Debtor's tangible assets consist of cash on hand as of September 30, 2024 of
13 \$354,750, current accounts receivable of \$29,773, inventory currently valued at \$49,864,
14 (primarily perishable ingredients and branded goods) and furniture, furnishings and
15 equipment valued at approximately \$50,000.

16 It is difficult to say with certainty what a Chapter 7 trustee could recover if the
17 trustee were able to dispose of the Debtor's assets, all of which are collateral for the claims
18 of Umpqua Bank and the SBA. Some of the inventory is branded and some is perishable.
19 Nonperishable inventory might be auctioned with a commission payable plus costs of sale.
20 Perishable inventory would likely be disposed of or sold quickly for pennies on the dollar.
21 Branded inventory likely has no resale value.

22 The fixtures, furnishings and equipment also present an uncertain return. The
23 demand for used restaurant furniture and furnishings is very low. Installations of lighting,
24 cabinetry, counters and the like that are affixed to the retail locations would likely become
25 property of the landlord, with only removable furnishings and equipment saleable by the
trustee. Furniture and furnishings such as seating, tables, and other items available for
customer use are not likely to bring a significant return.

From whatever recovery a Chapter 7 trustee would obtain from recovering
outstanding receivables and liquidating the inventory, the trustee would be entitled to
compensation prescribed by statute and would incur fees and costs to legal counsel and
accounting services. To the extent those proceeds are not paid to secured creditors, whose
claims exceed \$500,000, Chapter 7 administrative claims, Chapter 11 costs of
administration would be next paid, and then any priority claims of the IRS and Washington
state agencies. The Debtor estimates the Chapter 7 trustee would need to obtain at least
\$75,000 in unencumbered funds, after payment of secured claims, in order for general
unsecured creditors to receive any distribution.

1
2 D. Ability to Make Future Plan Payments and Operate Without Further
3 Reorganization

4 The Plan Proponent must show that it will have enough cash over the life of the Plan
5 to make the required Plan payments and operate the Debtor's business. Projections that
6 support the Debtor's ability to make all payments required by the Plan are attached to the
7 Plan as Exhibit B.

8 If the Plan is confirmed on a cramdown basis under §1191(b), the Plan must provide
9 for the debtor to commit all of its projected disposable income to the Plan for a period of at
10 least three years. The Debtor's financial projections show the Debtor will have projected
11 disposable income (as defined by §1191(d) of the Bankruptcy Code) for the period
12 described in §1191(c)(2) of \$28,000. The Debtor anticipates that based on current
13 circumstances and foreseeable changes, its net income from operations will increase
14 steadily in the next 60 months. Exhibit B includes the Debtor's projection of future income
15 and expenses based on its history, estimations of market conditions and the steps it is taking
16 to reduce expenses.

17 The final Plan payment is expected to be paid on or before December 31, 2029.

18 You should consult with your accountant or other financial advisor if you have any
19 questions pertaining to these projections.

20 E. Projections

21 The Debtor's projections of income and expenses from future operations are set out
22 in Exhibit B.

23 F. Avoidance actions and other litigation

24 Debtor is not aware of any dispute or contested matter that would cause some other
25 party to commence litigation related to this case. However, the Reorganized Debtor shall
retain for the benefit of the estate all avoidance actions arising under 11 USC §§547-550.

G. Risks

The risks associated with this plan are primarily the risk the Reorganized Debtor's
actual disposable income after confirmation is substantially less than its projections to the
extent that the Reorganized Debtor cannot continue to operate and must cease doing
business.

1
2 **ARTICLE 1: SUMMARY**

3 This Plan of Reorganization (the “Plan”) is a reorganization plan under which the
4 Debtor will continue to operate and pay creditors from future operations.

5 This Plan provides for.

- 6 [X] Two (2) classes of secured claims
7 [X] One (1) class of non-priority unsecured claims;
8 [X] One (1) class of equity interest holders.

9 Payment of priority unsecured claims. Priority unsecured claims, if any, will be paid
10 in full, with post confirmation interest, within 30 days after the Effective Date.

11 Payment of non-priority unsecured claims. Non-priority unsecured creditors holding
12 allowed claims will receive distributions of approximately 5% over the five years after
13 confirmation of the Plan.

14 Payment of administrative expenses. The Plan provides for full payment of
15 administrative expenses upon confirmation or upon allowance by the court whichever
16 occurs later.

17 Treatment of Leases. The Debtor will assume leases for the following properties:

18 Ballard – 1555 NW Market Street, Seattle WA – lessor is Hanson-Stimac, LLC
19 Green Lake - 2110 N. 55th Street, Seattle WA – landlord is Jenkins Properties
20 Capitol Hill – 1400 12th Ave., Seattle WA – landlord is Trace Lofts, LLC

21 The Debtor will assume the following unexpired leases, as modified by separate
22 writing:

23 Marginal Way – 10825 E. Marginal Way S., Seattle WA – landlord is PAB02, LLC
24 Madison - 1000 Second Avenue, Suite 101, Seattle WA – landlord is Selig Holdings
25 Company, LLC

The Debtor will reject an executory contract with Capita Works for virtual assistant services.

All creditors and equity interest holders should refer to Articles 3 through 6 of this Plan for information regarding the precise treatment of their claim.

Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)

1
2 **ARTICLE 2: CLASSIFICATION OF CLAIMS AND INTERESTS**

3 2.01: Unclassified. All allowed claims entitled to priority under §507(a) of the
4 Code except administrative expenses under §507(a)(2) and priority tax claims under
5 §507(a)(8)). The creditor in this category is the Internal Revenue Service which filed a
6 claim for estimated liabilities but which the Debtor projects will be owed nothing. Under
section §1123(a)(1), priority tax claims are not in classes. See Article 3 for treatment of
unclassified claims.

7 2.02: Class 2. The claim of Umpqua Bank, to the extent allowed as a secured
8 claim under §506 of the Code. Umpqua filed a claim for \$118,756 and holds a security
interest in all of the Debtor's assets.

9 2.03. Class 3. The claim of the U.S. Small Business Administration ("SBA"), to
10 the extent allowed as a secured claim under §506 of the Code. The SBA is owed
11 approximately \$675,000 arising from a modified EIDL loan agreement made on or about
January 2022. The SBA holds a second priority security interest in the Debtor's assets and a
personal guarantee against Ryan Kellner, the principal of the Debtor.

12 2.04. Class 4. All non-priority unsecured claims allowed under §502 of the Code.
13 Filed or scheduled undisputed claims approximate \$550,000, none of which appear to be
substantially in dispute.

14 2.07: Class 5. The interest of equity interest holders. Ryan Kellner is the sole
15 member of this class.

16 **ARTICLE 3: TREATMENT OF ADMINISTRATIVE EXPENSES, PRIORITY TAX**
17 **CLAIMS AND COURT FEES**

18 3.01: Unclassified claims. Under section §1123(a)(1), allowed administrative
expenses and priority tax claims are not in classes.

19 3.02: Administrative expenses.

20 a. Expenses arising post-petition in the ordinary course of Debtor's
21 business operations shall be paid in full on the Effective Date, or according to the terms of
the obligation, if later.

22 b. Taxes arising post-petition in the ordinary course of Debtor's
23 business operations that are due by the Effective Date shall be paid in full on the Effective
24 Date. Post -petition taxes that are not yet due on the Effective Date shall be paid according
to non-bankruptcy law.
25

c. Professional fees shall be paid upon court approval of those fees, or on such other terms as the parties have agreed. These administrative expenses consist of Debtor's attorney fees (estimated \$25,000), the Subchapter V trustee (estimated \$5000) and Tilt 49 Realty, LLC, the Debtor's former landlord at 1812 Boren Avenue (estimated \$12,000 for unpaid postpetition rent net of security deposit).

3.03: Priority tax claims. Each holder of an allowed priority tax claim will be paid in full within 30 days after the Effective Date.

ARTICLE 4: TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

4.01: Claims and interests are treated as follows under this Plan:

<u>Class</u>	<u>Impairment</u>	<u>Treatment</u>
Class 2	Impaired	<p>Umpqua Bank shall retain its lien against the Debtor's collateral described in the security agreement. Umpqua Bank shall have a secured claim in the principal amount of \$125,412.97 including reasonable attorney's fees and costs incurred which shall accrue interest at 8% per annum and amortized over a 7-year term payable at not less than \$1954.71 per month. The complete terms and conditions of the treatment of this Class 2 claim are set forth in the Stipulation re: Non-material Modification to Debtor's Sub V Chapter 11 Plan as to Umpqua Bank's Class 2 Secured Claim which is attached to the Plan as Exhibit D and incorporated herein by reference.</p> <p>With respect to the treatment of Umpqua Bank's Class 2 Claim and its remedies, in the event of conflict between the terms and conditions set forth in Exhibit A and the provisions of the Plan, Exhibit D will control.</p>
Class 3	Impaired	<p>The U.S. Small Business Administration shall retain its lien against the Debtor's collateral described in the security agreement. SBA shall have a secured claim in the principal amount of \$255,000 which shall accrue interest at 3.75% per annum and amortized over a 15-year term payable at \$1854.42 per month.</p> <p>The SBA shall also have a general unsecured claim of \$444,633.39 which shall not be discharged by 11 USC §1192. The unsecured claim shall receive pro rata payments with other general unsecured claims from the Effective Date through the completion of the Plan term. Upon completion of the Plan term,</p>

		<p>interest will accrue on the unsecured balance (after credit for Plan payments made on account of the unsecured claim) at the rate of 3.75%. Principal and interest shall be paid in equal monthly installments such that the unsecured claim shall be paid in full by June 22, 2050.</p> <p>All notice and default provisions in the Promissory Note dated June 11, 2020 as later modified, shall remain in effect as to the SBA's secured and unsecured claims, notwithstanding the automatic stay of 11 USC §362 or the default provisions in Article 10 of this Plan.</p>
Class 4	Impaired	<p>General unsecured creditors holding allowed claims will receive pro rata payments from the Reorganized Debtor on a quarterly basis commencing the first day after the 90th day from the Effective Date and continuing thereafter. It is not expected that general unsecured creditors will receive a distribution greater than 5%.</p>
Class 5	Impaired	<p>Ryan Kellner shall retain his equity interest in the Reorganized Debtor.</p>

ARTICLE 5: ALLOWANCE AND DISALLOWANCE OF CLAIMS

5.01: Disputed claim. A disputed claim is a claim that has not been allowed or disallowed and as to which either:

(i) A proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection or will file an objection within sixty (60) days after the Effective Date ; or

(ii) No proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

5.02: Delay of distribution on a disputed claim. No distribution will be made on account of a disputed claim unless and until it is allowed.

5.03: Settlement of disputed claims. The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Federal Rule of Bankruptcy Procedure 9019.

1
2 **ARTICLE 6: PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED**
3 **LEASES**

4 (a) The Debtor assumes the following unexpired leases as of the Effective Date
5 of the Plan:

6 Green Lake – 2110 N. 55th Street, Seattle WA – landlord is Jenkins
7 Properties
8 Ballard – 1555 NW Market Street, Seattle WA – landlord is Hanson-Stimac,
9 LLC
10 Capitol Hill – 1400 12th Ave., Seattle WA – landlord is Trace Lofts, LLC

11 (b) The Debtor assumes the following unexpired leases, as modified by separate
12 writing and summarized below, as of the Effective Date of the Plan:

13 Marginal Way – 10825 E. Marginal Way S., Seattle WA – landlord is
14 PAB02, LLC – the Debtor will relinquish 971 square foot second floor space and reduce its
15 triple net share from 65% to 55%

16 Madison - 1000 Second Avenue, Suite 101, Seattle WA – landlord is Selig
17 Holdings Company, LLC. – this lease will convert to 3 year lease term, terminable on 30
18 days notice, rent reduced to 5% of gross revenue, sublease or assignment permitted,
19 forgiveness of Covid-era rent arrears and excess tenant improvement costs

20 (b) Except for executory contracts and unexpired leases that have been assumed,
21 and if applicable assigned, either before the effective date or under section 6(a) of this Plan,
22 or that are the subject of a pending motion to assume, and if applicable assign, the Debtor
23 will be conclusively deemed to have rejected all executory contracts and unexpired leases as
24 of the Effective Date. The executory contract with Capita Works for virtual assistant
25 services will be rejected on confirmation unless earlier rejected by court order.

A proof of a claim arising from the rejection of an executory contract or unexpired
lease under this section must be filed no later than thirty (30) days after the date on which
the court enters the order confirming this Plan.

20 **ARTICLE 7: MEANS FOR IMPLEMENTATION OF THE PLAN**

21 The Reorganized Debtor will pay into a Chapter 11 Plan Disbursement Account
22 from which disbursements to creditors and administrative claimants will be made. Payments
23 will commence within 30 days after the Effective Date.

24 **ARTICLE 8: GENERAL PROVISIONS**

25 8.01: Definitions and rules of construction. The definitions and rules of construction
set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the

Code are used in this Plan and they are supplemented by the definitions set forth in Exhibit C.

8.02: Effective Date. The effective date of this Plan is the day that is 15 days after the entry of the Confirmation Order. If, however, a stay of the Confirmation Order is in effect on that date, the effective date will be the day after the date on which the stay expires or is otherwise terminated. These periods are calculated as provided in Federal Rule of Bankruptcy Procedure 9006(a)(1).

8.03: Severability. If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

8.04: Binding effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon and will inure to the benefit of the successors or assigns of such entity.

8.05: Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

8.06: Controlling effect. Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the State of Washington govern this Plan and any agreements, documents, and instruments executed in connection with this Plan, except as otherwise provided in this Plan.

8.07: Retention of Jurisdiction. The court confirming the Plan may exercise jurisdiction to the full extent necessary to administer this case after Plan confirmation and to adjudicate any related adversary proceedings or contested matters, including those relating to the Plan, such as concerning the Plan's construction, implementation, or modification. Neither this provision nor anything in this Plan constitutes a limitation on or an expansion of the jurisdiction authorized by Title 28 of the United States Code.

ARTICLE 9: DISCHARGE

If the Debtor's Plan is confirmed under §1191(a), on the effective date of the Plan, the Debtor will be discharged from any debt that arose before confirmation of this Plan, to the extent specified in §1141(d)(1)(A) of the Code. The Debtor will not be discharged from any debt imposed by this Plan.

If the Debtor's Plan is confirmed under §1191(b), confirmation of the Plan does not discharge any debt provided for in this Plan until the court grants a discharge on completion of all payments due within the first 5 years of this Plan, or as otherwise provided in § 1192 of the Code. The Debtor will not be discharged from any debt on which the last payment is due after the first 5 years of the plan, or as otherwise provided in § 1192.

1
2
3 **ARTICLE 10: OTHER PROVISIONS**

4 10.01: Lien Avoidance. None

5 10.02: Dischargeability Proceedings. Not applicable.

6 10.03: Other Avoidance Actions. The Reorganized Debtor preserves any potential
avoidance action under §§547-550 of the Bankruptcy Code and under Washington state law.

7 10.03: Post-Confirmation Litigation. Claim objections must be filed within 60 days
8 of the Effective Date.

9 10.04: Default

10 10.04.01 If the Reorganized Debtor fails to make any payment to
11 creditors hereunder, for more than thirty (30) days after the time specified in the Plan, the
12 affected creditor may serve upon the Reorganized Debtor a written notice of default. The
13 Reorganized Debtor is in material default under the Plan if there is a failure within thirty
14 (30) days of the service of such notice of default (plus 3 days for mailing) to either: (i) to
cure the default or (ii) to obtain from the court an extension of time to cure the default or a
15 determination that no default occurred. If the Reorganized Debtor remains in material
16 default after the time period specified above, creditors may proceed with the remedies as
17 specified below.

18 10.04.02 **Priority Claims.** If the Reorganized Debtor fails to make a
19 payment on account of an ALLOWED PRIORITY CLAIM, the holder of such claim shall
20 be entitled to bring an action against in this court, provided that at least 30-days' notice of
21 intent to bring such action is first given to the Reorganized Debtor. Alternatively, if, after
22 30 days written notice, a default remains uncured, the holder of the ALLOWED PRIORITY
CLAIM shall be entitled to recover all amounts due and to become due to it under the
23 PLAN by pursuing all remedies, including administrative or judicial, as allowed by law.

24 10.04.03 **Secured Claims.** If the Reorganized Debtor fails to make a
25 payment to holder of an ALLOWED SECURED CLAIMS, the holder of such claim shall
be entitled to proceed in accordance with the underlying agreement or agreements between
the claimant and the Reorganized Debtor provided that at least 30-days' notice of intent to
take such action is first given to the Reorganized Debtor.

10.04.04 **Unsecured Claims.** If the Plan Distribution Agent fails to
make a payment on account of an allowed unsecured claim in Class 3, the holder of such
Claim shall be entitled to bring an action against the Debtor in this court, provided that at
least 30-days' notice of intent to bring such action is first given to the Reorganized Debtor.

1
2 If such an action is commenced, after default and notice, the holder of the Allowed Claim
3 shall be entitled to recover all amounts due and to become due to it under the Plan.

4 10.04.05 **Additional Default Remedies.** In addition, or in the
5 alternative to the other remedies for default previously set forth above, a creditor or party in
6 interest may bring a motion to convert or dismiss the case under § 1112(b), after the Plan is
7 confirmed, if there is a default in performing the Plan.

8 10.04.06 The Reorganized Debtor will furnish information on
9 receipts/disbursements available to any party, as requested. The Reorganized Debtor shall
10 give notice of any default to any party, as requested.

11 10.05. The Reorganized Debtor shall be responsible for preparing and filing all
12 post-confirmation reports required by LBR 2015-1.

13 10.06. **Insiders** The Reorganized Debtor will retain as President and sole
14 shareholder Ryan Kellner, who will be paid compensation of approximately \$10,000
15 monthly. Mr. Kellner's wife, Megan Helmer, who performs management and advisory
16 services, will continue providing services and receive compensation of approximately
17 \$4000 monthly.

18 DATED this 17th day of December, 2024

19 Mighty-O Corp.

20 By /s/ Ryan Kellner
21 Ryan Kellner, President

22 James E. Dickmeyer, PC

23 By /s/ James E. Dickmeyer
24 James E. Dickmeyer WSBA #14318
25 Attorney for Debtor
520 Kirkland Way Suite 400
PO Box 2623
Kirkland WA 98083-2623
Telephone (425) 889-2324
Fax (425) 827-8725
E-mail jim@jdlaw.net

Exhibit A

Liquidation Analysis

11 USC §1190 requires that a plan filed under Subchapter V of Chapter 11 contain a liquidation analysis as required by 11 USC §1129(a)(7) to aid in the determination whether creditors will receive as of the effective date of the plan property that is not less than the amount creditors would receive if the Debtor were liquidated under Chapter 7 on such date.

If the Debtor were liquidated under Chapter 7 as of the effective date of the plan, the Debtor projects that no funds would be available for distribution to general unsecured creditors. The Debtor's assets are subject to two secured claims in a combined amount that exceeds the value of its assets. If the secured creditors do not liquidate the assets themselves, if so authorized by the court, the estimated net proceeds remaining from the Chapter 7 trustee's liquidation of assets after selling costs and administrative expenses would be paid to the secured creditors. Below is a table representing assets in the bankruptcy estate, their scheduled value and estimated net proceeds.

<u>Asset</u>	<u>Liquidation Value</u>	<u>Secured Debt</u>	<u>Net Proceeds</u>
Bank Accounts	\$354,750	\$354,750	\$0
Deposits			
Landlords	\$50,083	\$50,083 ¹	\$0
Accounts Receivable			
Current (<90 days)	\$29,773	\$29,773	\$0
Old (>90 days)	\$0	\$0	\$0
Inventory	\$50,000	\$50,000	\$0
Leasehold improvements ²	\$700,000	\$N/A	\$0
Furniture, equipment, art	\$30,000	\$30,000	\$0
Vehicles			
Ford transit van	\$4000	\$	\$4000
Cargo trailer	\$500	\$	\$500
Intellectual property	\$0	\$0	\$0

From the net sale proceeds of any unencumbered assets, a Chapter 7 trustee could be entitled to up to approximately \$20,000 in compensation pursuant to 11 USC §326.

¹ Forfeitable to landlords in event lease is terminated

² Leasehold improvements would be retained by the landlords upon conclusion of the Debtor's tenancy

Exhibit B

Total	January	February	March	April	May	June	July	August	September	October	November	December	Totals
2024 Revenue	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	
Ballard	\$ 56,716.42	\$ 56,716.42	\$ 56,716.42	\$ 56,716.42	\$ 56,716.42	\$ 56,716.42	\$ 56,716.42	\$ 56,716.42	\$ 56,716.42	\$ 56,000.00	\$ 58,000.00	\$ 59,000.00	\$ 683,447.78
Capital Hill	\$ 32,866.16	\$ 37,374.10	\$ 49,300.98	\$ 40,689.73	\$ 43,080.51	\$ 35,321.26	\$ 29,953.29	\$ 38,315.01	\$ 37,611.35	\$ 38,000.00	\$ 40,000.00	\$ 38,000.00	\$ 460,512.39
Denny	\$ 23,858.63	\$ 26,865.80	\$ 33,239.07	\$ 28,621.46	\$ 27,969.38	\$ 22,114.51	\$ 28,188.40	\$ 9,858.06	\$ -	\$ -	\$ -	\$ -	\$ 200,715.31
Green Lake	\$ 66,636.58	\$ 69,391.18	\$ 83,780.17	\$ 72,216.28	\$ 86,648.06	\$ 71,990.56	\$ 71,532.73	\$ 76,459.94	\$ 71,792.00	\$ 73,000.00	\$ 76,000.00	\$ 77,000.00	\$ 896,447.50
Madison	\$ 14,684.65	\$ 16,961.12	\$ 20,961.68	\$ 21,689.60	\$ 26,675.86	\$ 16,703.87	\$ 21,384.70	\$ 22,706.22	\$ 21,774.22	\$ 23,000.00	\$ 25,000.00	\$ 26,000.00	\$ 257,541.92
Whole Sale	\$ 20,240.47	\$ 19,122.47	\$ 20,895.90	\$ 19,519.57	\$ 25,216.48	\$ 24,558.10	\$ 23,329.71	\$ 24,838.50	\$ 29,652.74	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 282,373.94
Festival	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rent	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 32,000.04
Total	\$ 217,669.58	\$ 229,097.76	\$ 267,560.89	\$ 242,119.73	\$ 268,973.38	\$ 230,071.39	\$ 233,771.92	\$ 231,560.82	\$ 220,213.40	\$ 217,666.67	\$ 226,666.67	\$ 227,666.67	\$ 2,813,038.88

Total	January	February	March	April	May	June	July	August	September	October	November	December	Totals
2025 Revenue													
Ballard	\$ 56,050.00	\$ 57,731.50	\$ 60,618.08	\$ 61,830.44	\$ 63,067.05	\$ 62,000.00	\$ 62,000.00	\$ 63,000.00	\$ 64,260.00	\$ 65,000.00	\$ 66,000.00	\$ 65,000.00	\$ 746,557.06
Capital Hill	\$ 36,100.00	\$ 38,000.00	\$ 38,000.00	\$ 39,000.00	\$ 39,780.00	\$ 37,000.00	\$ 37,000.00	\$ 37,740.00	\$ 39,000.00	\$ 40,000.00	\$ 42,000.00	\$ 43,000.00	\$ 466,620.00
Green Lake	\$ 73,150.00	\$ 75,344.50	\$ 79,111.73	\$ 81,000.00	\$ 83,000.00	\$ 80,000.00	\$ 80,000.00	\$ 81,000.00	\$ 82,000.00	\$ 85,000.00	\$ 88,000.00	\$ 86,000.00	\$ 973,606.23
Madison	\$ 24,700.00	\$ 25,441.00	\$ 26,204.23	\$ 26,990.36	\$ 27,800.07	\$ 28,634.07	\$ 29,493.09	\$ 30,377.88	\$ 31,289.22	\$ 32,227.90	\$ 33,194.73	\$ 34,190.58	\$ 350,543.13
Whole Sale	\$ 27,500.00	\$ 27,500.00	\$ 27,500.00	\$ 29,000.00	\$ 29,000.00	\$ 29,000.00	\$ 31,000.00	\$ 31,000.00	\$ 31,000.00	\$ 34,000.00	\$ 34,000.00	\$ 34,000.00	\$ 364,500.00
Festival	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rent	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 32,000.04
Total	\$ 220,166.67	\$ 226,683.67	\$ 234,100.70	\$ 240,487.46	\$ 245,313.78	\$ 239,300.74	\$ 242,159.76	\$ 245,784.55	\$ 250,215.89	\$ 258,894.57	\$ 265,861.40	\$ 264,857.25	\$ 2,933,826.45

Total	January	February	March	April	May	June	July	August	September	October	November	December	Totals
2026 Revenue													
Ballard	\$ 65,000.00	\$ 66,625.00	\$ 68,290.63	\$ 69,997.89	\$ 71,747.84	\$ 64,573.05	\$ 64,573.05	\$ 66,187.38	\$ 67,842.06	\$ 69,538.12	\$ 71,276.57	\$ 68,000.00	\$ 813,651.59
Capital Hill	\$ 43,000.00	\$ 43,430.00	\$ 43,864.30	\$ 44,302.94	\$ 44,745.97	\$ 40,271.38	\$ 40,271.38	\$ 41,278.16	\$ 42,310.11	\$ 43,367.87	\$ 44,452.06	\$ 45,000.00	\$ 516,294.17
Green Lake	\$ 86,000.00	\$ 86,860.00	\$ 87,728.60	\$ 88,605.89	\$ 89,491.94	\$ 80,542.75	\$ 80,542.75	\$ 81,348.18	\$ 82,161.66	\$ 82,983.28	\$ 83,813.11	\$ 80,000.00	\$ 1,010,078.15
Madison	\$ 31,000.00	\$ 31,775.00	\$ 32,569.38	\$ 33,383.61	\$ 34,218.20	\$ 30,796.38	\$ 30,796.38	\$ 31,566.29	\$ 32,355.45	\$ 33,164.33	\$ 33,993.44	\$ 30,000.00	\$ 385,618.45
Whole Sale	\$ 34,200.00	\$ 34,000.00	\$ 34,000.00	\$ 34,000.00	\$ 34,000.00	\$ 34,000.00	\$ 34,000.00	\$ 34,000.00	\$ 34,000.00	\$ 34,000.00	\$ 34,000.00	\$ 34,000.00	\$ 388,818.45
Festival	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rent	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 32,000.04
Total	\$ 261,866.67	\$ 265,356.67	\$ 269,119.57	\$ 272,957.00	\$ 276,870.62	\$ 252,850.23	\$ 252,850.23	\$ 257,046.68	\$ 261,335.95	\$ 265,720.26	\$ 270,201.85	\$ 259,666.67	\$ 3,146,460.86

Total	January	February	March	April	May	June	July	August	September	October	November	December	Totals
2027 Revenue													
Ballard	\$ 68,000.00	\$ 64,600.00	\$ 66,538.00	\$ 68,534.14	\$ 70,590.16	\$ 67,060.66	\$ 67,060.66	\$ 70,413.69	\$ 73,934.37	\$ 77,631.09	\$ 81,512.65	\$ 79,882.39	\$ 855,757.81
Capital Hill	\$ 45,000.00	\$ 42,750.00	\$ 44,032.50	\$ 45,353.48	\$ 46,714.08	\$ 44,378.38	\$ 44,378.38	\$ 46,597.29	\$ 48,927.16	\$ 51,373.52	\$ 53,942.19	\$ 52,863.35	\$ 566,310.32
Green Lake	\$ 80,000.00	\$ 78,400.00	\$ 80,752.00	\$ 83,174.56	\$ 85,669.80	\$ 81,386.31	\$ 81,386.31	\$ 85,455.62	\$ 89,728.40	\$ 94,214.82	\$ 98,925.56	\$ 96,947.05	\$ 1,036,040.44
Madison	\$ 30,000.00	\$ 28,500.00	\$ 29,925.00	\$ 31,421.25	\$ 32,992.31	\$ 31,342.70	\$ 31,342.70	\$ 32,909.83	\$ 34,555.32	\$ 36,283.09	\$ 38,097.24	\$ 37,335.30	\$ 394,704.74
Whole Sale	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00	\$ 35,000.00	\$ 37,500.00	\$ 37,500.00	\$ 37,500.00	\$ 37,500.00	\$ 37,500.00	\$ 432,500.00
Festival	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rent	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 2,666.67	\$ 32,000.04
Total	\$ 260,666.67	\$ 251,916.67	\$ 258,914.17	\$ 266,150.10	\$ 273,633.02	\$ 261,834.71	\$ 261,834.71	\$ 275,543.11	\$ 287,311.93	\$ 299,669.19	\$ 312,644.32	\$ 307,194.76	\$ 3,317,313.35

Exhibit B

Income Statement Pro Forma

2025

	Forecast Jan-25	Forecast Feb-25	Forecast Mar-25	Forecast Apr-25	Forecast May-25	Forecast Jun-25	Forecast Jul-25	Forecast Aug-25	Forecast Sep-25	Forecast Oct-25	Forecast Nov-25	Forecast Dec-25	2025
Income													
Retail	\$190,000	\$196,517	\$203,934	\$208,821	\$213,647	\$207,634	\$208,493	\$212,118	\$216,549	\$222,228	\$229,195	\$228,191	\$2,537,326
Wholesale	\$27,500	\$27,500	\$27,500	\$29,000	\$29,000	\$29,000	\$31,000	\$31,000	\$31,000	\$34,000	\$34,000	\$34,000	\$364,500
Rent	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$32,000
Net Revenue	\$220,167	\$226,684	\$234,101	\$240,487	\$245,314	\$239,301	\$242,160	\$245,785	\$250,216	\$258,895	\$265,861	\$264,857	\$2,933,826
Cost of Goods Sold													
Variable Costs	\$130,500	\$134,410	\$138,860	\$142,692	\$145,588	\$141,980	\$143,696	\$145,871	\$148,530	\$153,737	\$157,917	\$157,314	\$1,741,096
Fixed Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Goods Sold	\$130,500	\$134,410	\$138,860	\$142,692	\$145,588	\$141,980	\$143,696	\$145,871	\$148,530	\$153,737	\$157,917	\$157,314	\$1,741,096
Gross Profit	\$89,667	\$92,273	\$95,240	\$97,795	\$99,726	\$97,320	\$98,464	\$99,914	\$101,686	\$105,158	\$107,945	\$107,543	\$1,192,731
Gross Margin %	40.73%	40.71%	40.68%	40.67%	40.65%	40.67%	40.66%	40.65%	40.64%	40.62%	40.60%	40.60%	40.65%
Expenses													
General & Administrative Expense													
Accounting Fees	\$ 4,500.00	\$ 4,815.00	\$ 4,815.00	\$ 4,815.00	\$ 4,815.00	\$ 4,815.00	\$ 4,815.00	\$ 4,815.00	\$ 4,815.00	\$ 4,815.00	\$ 4,815.00	\$ 4,815.00	\$57,465
Auto Costs	\$ 1,842.00	\$ 1,970.94	\$ 1,970.94	\$ 1,970.94	\$ 1,970.94	\$ 1,970.94	\$ 1,970.94	\$ 1,970.94	\$ 1,970.94	\$ 1,970.94	\$ 1,970.94	\$ 1,970.94	\$23,522
Bank Service Charges	\$ 125.00	\$ 133.75	\$ 133.75	\$ 133.75	\$ 133.75	\$ 133.75	\$ 133.75	\$ 133.75	\$ 133.75	\$ 133.75	\$ 133.75	\$ 133.75	\$1,596
Umpqua and SBA Loans	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$41,472
Business Licenses and Permits	\$ -	\$ 2,247.00	\$ 2,247.00	\$ -	\$ -	\$ 2,247.00	\$ -	\$ -	\$ 2,247.00	\$ -	\$ -	\$ 2,247.00	\$8,988
Conferences, Dues, and Subscriptions	\$ 750.00	\$ 802.50	\$ 802.50	\$ 802.50	\$ 802.50	\$ 802.50	\$ 802.50	\$ 802.50	\$ 802.50	\$ 802.50	\$ 802.50	\$ 802.50	\$9,578
Consultant Fees	\$ 700.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$8,939
Employee Travel and Meals	\$ 250.00	\$ 267.50	\$ 267.50	\$ 267.50	\$ 267.50	\$ 267.50	\$ 267.50	\$ 267.50	\$ 267.50	\$ 267.50	\$ 267.50	\$ 267.50	\$3,193
Furniture & Fixtures	\$ 100.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$1,277
Insurance	\$ -	\$ 2,135.00	\$ 2,135.00	\$ -	\$ -	\$ 2,135.00	\$ -	\$ -	\$ 2,135.00	\$ -	\$ -	\$ 2,135.00	\$8,540
IT Support	\$ 1,700.00	\$ 1,819.00	\$ 1,819.00	\$ 1,819.00	\$ 1,819.00	\$ 1,819.00	\$ 1,819.00	\$ 1,819.00	\$ 1,819.00	\$ 1,819.00	\$ 1,819.00	\$ 1,819.00	\$21,709
Legal Fees	\$ 2,000.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$25,540
Marketing	\$ 2,000.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$ 2,140.00	\$25,540
Maintenance and Repairs	\$ 2,500.00	\$ 2,675.00	\$ 2,675.00	\$ 2,675.00	\$ 2,675.00	\$ 2,675.00	\$ 2,675.00	\$ 2,675.00	\$ 2,675.00	\$ 2,675.00	\$ 2,675.00	\$ 2,675.00	\$31,925
Office Supplies & Expenses	\$ 700.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$ 749.00	\$8,939
Printing , Postage and Delivery	\$ 100.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$ 107.00	\$1,277
Professional Services	\$ 1,200.00	\$ 1,284.00	\$ 1,284.00	\$ 1,284.00	\$ 1,284.00	\$ 1,284.00	\$ 1,284.00	\$ 1,284.00	\$ 1,284.00	\$ 1,284.00	\$ 1,284.00	\$ 1,284.00	\$15,324
Property Taxes	\$ -	\$ 3,495.00	\$ 3,495.00	\$ -	\$ -	\$ 3,495.00	\$ -	\$ -	\$ 3,495.00	\$ -	\$ -	\$ 3,495.00	\$13,980
Recruiting Expense	\$ 1,000.00	\$ 1,070.00	\$ 1,070.00	\$ 1,070.00	\$ 1,070.00	\$ 1,070.00	\$ 1,070.00	\$ 1,070.00	\$ 1,070.00	\$ 1,070.00	\$ 1,070.00	\$ 1,070.00	\$12,770
Rent or Lease	\$ 26,612.00	\$ 28,474.84	\$ 28,474.84	\$ 28,474.84	\$ 28,474.84	\$ 28,474.84	\$ 28,474.84	\$ 28,474.84	\$ 28,474.84	\$ 28,474.84	\$ 28,474.84	\$ 28,474.84	\$339,835
Software	\$ 296.00	\$ 316.72	\$ 316.72	\$ 316.72	\$ 316.72	\$ 316.72	\$ 316.72	\$ 316.72	\$ 316.72	\$ 316.72	\$ 316.72	\$ 316.72	\$3,780
Supplies	\$ 500.00	\$ 535.00	\$ 535.00	\$ 535.00	\$ 535.00	\$ 535.00	\$ 535.00	\$ 535.00	\$ 535.00	\$ 535.00	\$ 535.00	\$ 535.00	\$6,385
Utilities +NNN	\$ 7,000.00	\$ 7,490.00	\$ 7,490.00	\$ 7,490.00	\$ 7,490.00	\$ 7,490.00	\$ 7,490.00	\$ 7,490.00	\$ 7,490.00	\$ 7,490.00	\$ 7,490.00	\$ 7,490.00	\$89,390
Total G&A	\$ 57,331.00	\$ 61,102.25	\$ 68,979.25	\$ 61,102.25	\$ 61,102.25	\$ 68,979.25	\$ 61,102.25	\$ 61,102.25	\$ 68,979.25	\$ 61,102.25	\$ 61,102.25	\$ 68,979.25	\$760,964
Salaries													
Total Salaries	\$ 22,150.00	\$ 22,150.00	\$ 22,150.00	\$ 22,150.00	\$ 22,150.00	\$ 22,150.00	\$ 22,150.00	\$ 22,150.00	\$ 22,150.00	\$ 22,150.00	\$ 22,150.00	\$ 22,150.00	\$265,800
Total Benefits	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$73,596
Total Payroll Taxes	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$102,000
Bonuses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commissions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Salaries & Commissions	\$ 36,783.00	\$ 36,783.00	\$ 36,783.00	\$ 36,783.00	\$ 36,783.00	\$ 36,783.00	\$ 36,783.00	\$ 36,783.00	\$ 36,783.00	\$ 36,783.00	\$ 36,783.00	\$ 36,783.00	\$ 441,396.00
Total Operating Expenses	\$ 94,114.00	\$ 97,885.25	\$ 105,762.25	\$ 97,885.25	\$ 97,885.25	#####	\$ 97,885.25	\$ 97,885.25	\$ 105,762.25	\$ 97,885.25	\$ 97,885.25	\$ 105,762.25	\$ 1,202,359.75
EBITA	\$ (4,447.33)	\$ (5,611.78)	\$ (10,521.97)	\$ (90.26)	\$ 1,840.27	\$ (8,441.95)	\$ 578.66	\$ 2,028.57	\$ (4,075.89)	\$ 7,272.58	\$ 10,059.31	\$ 1,780.65	\$ (9,629.15)
Other Income/Expenses													
Interest Income	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$48
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$492
Bad Debt Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Interest, Depreciation & Am	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$540
Net income (Loss) Before Income Tax	\$ (4,492.33)	\$ (5,656.78)	\$ (10,566.97)	\$ (135.26)	\$ 1,795.27	\$ (8,486.95)	\$ 533.66	\$ 1,983.57	\$ (4,120.89)	\$ 7,227.58	\$ 10,014.31	\$ 1,735.65	\$ (10,169.15)
Taxes													
Income Taxes													
Net income (Loss)	\$ (4,492.33)	\$ (5,656.78)	\$ (10,566.97)	\$ (135.26)	\$ 1,795.27	\$ (8,486.95)	\$ 533.66	\$ 1,983.57	\$ (4,120.89)	\$ 7,227.58	\$ 10,014.31	\$ 1,735.65	\$ (10,169.15)

Exhibit B

Income Statement Pro Forma

2026													
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Oct-26	Nov-26	Dec-26	2026
Income													
Retail	\$225,000	\$228,690	\$232,453	\$236,290	\$240,204	\$216,184	\$216,184	\$220,380	\$224,669	\$229,054	\$233,535	\$223,000	\$2,725,642
Wholesale	\$34,200	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$34,000	\$408,200
Rent	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$32,000
Net Revenue	\$261,867	\$265,357	\$269,120	\$272,957	\$276,871	\$252,850	\$252,850	\$257,047	\$261,336	\$265,720	\$270,202	\$259,667	\$3,165,842
Cost of Goods Sold													
Variable Costs	\$155,520	\$157,614	\$159,872	\$162,174	\$164,522	\$150,110	\$150,110	\$152,628	\$155,202	\$157,832	\$160,521	\$154,200	\$1,880,305
Fixed Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Goods Sold	\$155,520	\$157,614	\$159,872	\$162,174	\$164,522	\$150,110	\$150,110	\$152,628	\$155,202	\$157,832	\$160,521	\$154,200	\$1,880,305
Gross Profit	\$106,347	\$107,743	\$109,248	\$110,783	\$112,348	\$102,740	\$102,740	\$104,419	\$106,134	\$107,888	\$109,681	\$105,467	\$1,285,537
Gross Margin %	40.61%	40.60%	40.59%	40.59%	40.58%	40.63%	40.63%	40.62%	40.61%	40.60%	40.59%	40.62%	40.61%
Expenses													
General & Administrative Expense													
Accounting Fees	\$ 4,815.00	\$ 5,152.05	\$ 5,152.05	\$ 5,152.05	\$ 5,152.05	\$ 5,152.05	\$ 5,152.05	\$ 5,152.05	\$ 5,152.05	\$ 5,152.05	\$ 5,152.05	\$ 5,152.05	\$61,488
Auto Costs	\$ 1,970.94	\$ 2,108.91	\$ 2,108.91	\$ 2,108.91	\$ 2,108.91	\$ 2,108.91	\$ 2,108.91	\$ 2,108.91	\$ 2,108.91	\$ 2,108.91	\$ 2,108.91	\$ 2,108.91	\$25,169
Bank Service Charges	\$ 133.75	\$ 143.11	\$ 143.11	\$ 143.11	\$ 143.11	\$ 143.11	\$ 143.11	\$ 143.11	\$ 143.11	\$ 143.11	\$ 143.11	\$ 143.11	\$1,708
Umpqua and SBA Loans	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$41,472
Business Licenses and Permits	\$ -	\$ -	\$ 2,405.00	\$ -	\$ -	\$ 2,405.00	\$ -	\$ -	\$ 2,405.00	\$ -	\$ -	\$ 2,405.00	\$9,620
Conferences, Dues, and Subscriptions	\$ 802.50	\$ 858.68	\$ 858.68	\$ 858.68	\$ 858.68	\$ 858.68	\$ 858.68	\$ 858.68	\$ 858.68	\$ 858.68	\$ 858.68	\$ 858.68	\$10,248
Consultant Fees	\$ 749.00	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$9,565
Employee Travel and Meals	\$ 267.50	\$ 286.23	\$ 286.23	\$ 286.23	\$ 286.23	\$ 286.23	\$ 286.23	\$ 286.23	\$ 286.23	\$ 286.23	\$ 286.23	\$ 286.23	\$3,416
Furniture & Fixtures	\$ 107.00	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$1,366
Insurance	\$ -	\$ -	\$ 2,285.00	\$ -	\$ -	\$ 2,285.00	\$ -	\$ -	\$ 2,285.00	\$ -	\$ -	\$ 2,285.00	\$9,140
IT Support	\$ 1,819.00	\$ 1,946.33	\$ 1,946.33	\$ 1,946.33	\$ 1,946.33	\$ 1,946.33	\$ 1,946.33	\$ 1,946.33	\$ 1,946.33	\$ 1,946.33	\$ 1,946.33	\$ 1,946.33	\$23,229
Legal Fees	\$ 2,140.00	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$27,328
Marketing	\$ 2,140.00	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$ 2,289.80	\$27,328
Maintenance and Repairs	\$ 2,675.00	\$ 2,862.25	\$ 2,862.25	\$ 2,862.25	\$ 2,862.25	\$ 2,862.25	\$ 2,862.25	\$ 2,862.25	\$ 2,862.25	\$ 2,862.25	\$ 2,862.25	\$ 2,862.25	\$34,160
Office Supplies & Expenses	\$ 749.00	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$ 801.43	\$9,565
Printing , Postage and Delivery	\$ 107.00	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$ 114.49	\$1,366
Professional Services	\$ 1,284.00	\$ 1,373.88	\$ 1,373.88	\$ 1,373.88	\$ 1,373.88	\$ 1,373.88	\$ 1,373.88	\$ 1,373.88	\$ 1,373.88	\$ 1,373.88	\$ 1,373.88	\$ 1,373.88	\$16,397
Property Taxes	\$ -	\$ -	\$ 2,863.00	\$ -	\$ -	\$ 2,863.00	\$ -	\$ -	\$ 2,863.00	\$ -	\$ -	\$ 2,863.00	\$11,452
Recruiting Expense	\$ 1,070.00	\$ 1,144.90	\$ 1,144.90	\$ 1,144.90	\$ 1,144.90	\$ 1,144.90	\$ 1,144.90	\$ 1,144.90	\$ 1,144.90	\$ 1,144.90	\$ 1,144.90	\$ 1,144.90	\$13,664
Rent or Lease	\$ 28,474.84	\$ 30,468.08	\$ 30,468.08	\$ 30,468.08	\$ 30,468.08	\$ 30,468.08	\$ 30,468.08	\$ 30,468.08	\$ 30,468.08	\$ 30,468.08	\$ 30,468.08	\$ 30,468.08	\$363,624
Software	\$ 316.72	\$ 338.89	\$ 338.89	\$ 338.89	\$ 338.89	\$ 338.89	\$ 338.89	\$ 338.89	\$ 338.89	\$ 338.89	\$ 338.89	\$ 338.89	\$4,045
Supplies	\$ 535.00	\$ 572.45	\$ 572.45	\$ 572.45	\$ 572.45	\$ 572.45	\$ 572.45	\$ 572.45	\$ 572.45	\$ 572.45	\$ 572.45	\$ 572.45	\$6,832
Utilities	\$ 7,490.00	\$ 8,014.30	\$ 8,014.30	\$ 8,014.30	\$ 8,014.30	\$ 8,014.30	\$ 8,014.30	\$ 8,014.30	\$ 8,014.30	\$ 8,014.30	\$ 8,014.30	\$ 8,014.30	\$95,647
Total G&A	\$ 61,102.25	\$ 65,137.49	\$ 72,690.49	\$ 65,137.49	\$ 65,137.49	\$ 72,690.49	\$ 65,137.49	\$ 65,137.49	\$ 72,690.49	\$ 65,137.49	\$ 65,137.49	\$ 72,690.49	\$807,827
Salaries													
Total Salaries	\$ 22,150.00	\$ 23,257.50	\$ 23,257.50	\$ 23,257.50	\$ 23,257.50	\$ 23,257.50	\$ 23,257.50	\$ 23,257.50	\$ 23,257.50	\$ 23,257.50	\$ 23,257.50	\$ 23,257.50	\$277,983
Total Benefits	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$73,596
Total Payroll Taxes	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$102,000
Bonuses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commissions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Salaries & Commissions	\$ 36,783.00	\$ 37,890.50	\$ 37,890.50	\$ 37,890.50	\$ 37,890.50	\$ 37,890.50	\$ 37,890.50	\$ 37,890.50	\$ 37,890.50	\$ 37,890.50	\$ 37,890.50	\$ 37,890.50	\$ 453,578.50
Total Operating Expenses	\$ 97,885.25	#####	\$110,580.99	\$ 103,027.99	\$103,027.99	#####	\$ 103,027.99	\$ 103,027.99	\$ 110,580.99	\$ 103,027.99	\$ 103,027.99	\$ 110,580.99	\$ 1,261,405.11
EBITA	\$ 8,461.42	\$ 4,714.68	\$ (1,333.16)	\$ 7,754.81	\$ 9,320.26	\$ (7,840.89)	\$ (287.89)	\$ 1,390.69	\$ (4,446.60)	\$ 4,860.12	\$ 6,652.76	\$ (5,114.32)	\$ 24,131.87
Other Income/Expenses													
Interest Income	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$48
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$492
Bad Debt Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Interest, Depreciation & Am	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$540
Net income (Loss) Before Income Tax	\$ 8,416.42	\$ 4,669.68	\$ (1,378.16)	\$ 7,709.81	\$ 9,275.26	\$ (7,885.89)	\$ (332.89)	\$ 1,345.69	\$ (4,491.60)	\$ 4,815.12	\$ 6,607.76	\$ (5,159.32)	\$ 23,591.87
Taxes													
Income Taxes													
Net income (Loss)	\$ 8,416.42	\$ 4,669.68	\$ (1,378.16)	\$ 7,709.81	\$ 9,275.26	\$ (7,885.89)	\$ (332.89)	\$ 1,345.69	\$ (4,491.60)	\$ 4,815.12	\$ 6,607.76	\$ (5,159.32)	\$ 23,591.87

Exhibit B

Income Statement Pro Forma

2027

	Forecast Jan-27	Forecast Feb-27	Forecast Mar-27	Forecast Apr-27	Forecast May-27	Forecast Jun-27	Forecast Jul-27	Forecast Aug-27	Forecast Sep-27	Forecast Oct-27	Forecast Nov-27	Forecast Dec-27	2027
Income													
Retail	\$223,000	\$214,250	\$221,248	\$228,483	\$235,966	\$224,168	\$224,168	\$235,376	\$247,145	\$259,503	\$272,478	\$267,028	\$2,852,813
Wholesale	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500	\$432,500
Rent	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$2,667	\$32,000
Net Revenue	\$260,667	\$251,917	\$258,914	\$266,150	\$273,633	\$261,835	\$261,835	\$275,543	\$287,312	\$299,669	\$312,644	\$307,195	\$3,317,313
Cost of Goods Sold													
Variable Costs	\$154,800	\$149,550	\$153,749	\$158,090	\$162,580	\$155,501	\$155,501	\$163,726	\$170,787	\$178,202	\$185,987	\$182,717	\$1,971,188
Fixed Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Goods Sold	\$154,800	\$149,550	\$153,749	\$158,090	\$162,580	\$155,501	\$155,501	\$163,726	\$170,787	\$178,202	\$185,987	\$182,717	\$1,971,188
Gross Profit	\$105,867	\$102,367	\$105,166	\$108,060	\$111,053	\$106,334	\$106,334	\$111,817	\$116,525	\$121,468	\$126,658	\$124,478	\$1,346,125
Gross Margin %	40.61%	40.64%	40.62%	40.60%	40.58%	40.61%	40.61%	40.58%	40.56%	40.53%	40.51%	40.52%	40.58%
Expenses													
General & Administrative Expense													
Accounting Fees	\$ 5,152.05	\$ 5,512.69	\$ 5,512.69	\$ 5,512.69	\$ 5,512.69	\$ 5,512.69	\$ 5,512.69	\$ 5,512.69	\$ 5,512.69	\$ 5,512.69	\$ 5,512.69	\$ 5,512.69	\$65,792
Auto Costs	\$ 2,108.91	\$ 2,256.53	\$ 2,256.53	\$ 2,256.53	\$ 2,256.53	\$ 2,256.53	\$ 2,256.53	\$ 2,256.53	\$ 2,256.53	\$ 2,256.53	\$ 2,256.53	\$ 2,256.53	\$26,931
Bank Service Charges	\$ 143.11	\$ 153.13	\$ 153.13	\$ 153.13	\$ 153.13	\$ 153.13	\$ 153.13	\$ 153.13	\$ 153.13	\$ 153.13	\$ 153.13	\$ 153.13	\$1,828
Umpqua and SBA Loans	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	\$ 3,456.00	
Business Licenses and Permits	\$ -	\$ -	\$ 2,574.00	\$ -	\$ -	\$ 2,574.00	\$ -	\$ -	\$ 2,574.00	\$ -	\$ -	\$ 2,574.00	\$10,296
Conferences, Dues, and Subscriptions	\$ 858.68	\$ 918.78	\$ 918.78	\$ 918.78	\$ 918.78	\$ 918.78	\$ 918.78	\$ 918.78	\$ 918.78	\$ 918.78	\$ 918.78	\$ 918.78	\$10,965
Consultant Fees	\$ 801.43	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$10,234
Employee Travel and Meals	\$ 286.23	\$ 306.26	\$ 306.26	\$ 306.26	\$ 306.26	\$ 306.26	\$ 306.26	\$ 306.26	\$ 306.26	\$ 306.26	\$ 306.26	\$ 306.26	\$3,655
Furniture & Fixtures	\$ 114.49	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$1,462
Insurance	\$ -	\$ -	\$ 2,445.00	\$ -	\$ -	\$ 2,445.00	\$ -	\$ -	\$ 2,445.00	\$ -	\$ -	\$ 2,445.00	\$9,780
IT Support	\$ 1,946.33	\$ 2,082.57	\$ 2,082.57	\$ 2,082.57	\$ 2,082.57	\$ 2,082.57	\$ 2,082.57	\$ 2,082.57	\$ 2,082.57	\$ 2,082.57	\$ 2,082.57	\$ 2,082.57	\$24,855
Legal Fees	\$ 2,289.80	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$29,241
Marketing	\$ 2,289.80	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$ 2,450.09	\$29,241
Maintenance and Repairs	\$ 2,862.25	\$ 3,062.61	\$ 3,062.61	\$ 3,062.61	\$ 3,062.61	\$ 3,062.61	\$ 3,062.61	\$ 3,062.61	\$ 3,062.61	\$ 3,062.61	\$ 3,062.61	\$ 3,062.61	\$36,551
Office Supplies & Expenses	\$ 801.43	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$ 857.53	\$10,234
Printing , Postage and Delivery	\$ 114.49	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$ 122.50	\$1,462
Professional Services	\$ 1,373.88	\$ 1,470.05	\$ 1,470.05	\$ 1,470.05	\$ 1,470.05	\$ 1,470.05	\$ 1,470.05	\$ 1,470.05	\$ 1,470.05	\$ 1,470.05	\$ 1,470.05	\$ 1,470.05	\$17,544
Property Taxes	\$ -	\$ -	\$ 3,064.00	\$ -	\$ -	\$ 3,064.00	\$ -	\$ -	\$ 3,064.00	\$ -	\$ -	\$ 3,064.00	\$12,256
Recruiting Expense	\$ 1,144.90	\$ 1,225.04	\$ 1,225.04	\$ 1,225.04	\$ 1,225.04	\$ 1,225.04	\$ 1,225.04	\$ 1,225.04	\$ 1,225.04	\$ 1,225.04	\$ 1,225.04	\$ 1,225.04	\$14,620
Rent or Lease	\$ 30,468.08	\$ 32,600.84	\$ 32,600.84	\$ 32,600.84	\$ 32,600.84	\$ 32,600.84	\$ 32,600.84	\$ 32,600.84	\$ 32,600.84	\$ 32,600.84	\$ 32,600.84	\$ 32,600.84	\$389,077
Software	\$ 338.89	\$ 362.61	\$ 362.61	\$ 362.61	\$ 362.61	\$ 362.61	\$ 362.61	\$ 362.61	\$ 362.61	\$ 362.61	\$ 362.61	\$ 362.61	\$4,328
Supplies	\$ 572.45	\$ 612.52	\$ 612.52	\$ 612.52	\$ 612.52	\$ 612.52	\$ 612.52	\$ 612.52	\$ 612.52	\$ 612.52	\$ 612.52	\$ 612.52	\$7,310
Utilities	\$ 8,014.30	\$ 8,575.30	\$ 8,575.30	\$ 8,575.30	\$ 8,575.30	\$ 8,575.30	\$ 8,575.30	\$ 8,575.30	\$ 8,575.30	\$ 8,575.30	\$ 8,575.30	\$ 8,575.30	\$102,343
Total G&A	\$ 65,137.49	\$ 69,455.19	\$ 77,538.19	\$ 69,455.19	\$ 69,455.19	\$ 77,538.19	\$ 69,455.19	\$ 69,455.19	\$ 77,538.19	\$ 69,455.19	\$ 69,455.19	\$ 77,538.19	\$861,477
Salaries													
Total Salaries	\$ 23,257.50	\$ 24,420.38	\$ 25,641.39	\$ 25,641.39	\$ 25,641.39	\$ 25,641.39	\$ 25,641.39	\$ 25,641.39	\$ 25,641.39	\$ 25,641.39	\$ 25,641.39	\$ 25,641.39	\$304,092
Total Benefits	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$ 6,133.00	\$73,596
Total Payroll Taxes	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00	\$102,000
Bonuses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commissions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Salaries & Commissions	\$ 37,890.50	\$ 39,053.38	\$ 40,274.39	\$ 40,274.39	\$ 40,274.39	\$ 40,274.39	\$ 40,274.39	\$ 40,274.39	\$ 40,274.39	\$ 40,274.39	\$ 40,274.39	\$ 40,274.39	\$ 479,687.81
Total Operating Expenses	\$ 103,027.99	\$ 108,508.57	\$ 117,812.59	\$ 109,729.59	\$ 109,729.59	#####	\$ 109,729.59	\$ 109,729.59	\$ 117,812.59	\$ 109,729.59	\$ 109,729.59	\$ 117,812.59	\$ 1,341,164.41
EBITA	\$ 2,838.68	\$ (6,141.90)	\$ (12,646.92)	\$ (1,669.55)	\$ 1,323.63	\$ (11,478.70)	\$ (3,395.70)	\$ 2,087.66	\$ (1,287.81)	\$ 11,738.09	\$ 16,928.14	\$ 6,665.32	\$ 4,960.96
Other Income/Expenses													
Interest Income	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$48
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Expense	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$ 41.00	\$492
Bad Debt Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Interest, Depreciation & Am	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00	\$540
Net income (Loss) Before Income Tax	\$ 2,793.68	\$ (6,186.90)	\$ (12,691.92)	\$ (1,714.55)	\$ 1,278.63	\$ (11,523.70)	\$ (3,440.70)	\$ 2,042.66	\$ (1,332.81)	\$ 11,693.09	\$ 16,883.14	\$ 6,620.32	\$ 4,420.96
Taxes													
Income Taxes													\$0
Net income (Loss)	\$ 2,793.68	\$ (6,186.90)	\$ (12,691.92)	\$ (1,714.55)	\$ 1,278.63	\$ (11,523.70)	\$ (3,440.70)	\$ 2,042.66	\$ (1,332.81)	\$ 11,693.09	\$ 16,883.14	\$ 6,620.32	\$ 4,420.96

Exhibit C - Definitions

Unless expressly provided otherwise herein, the definitions contained in 11 USC §101 apply to this Plan. For the purposes of this Plan, the following terms shall have the respective meanings hereafter set forth:

Administrative Claim means a claim allowed under 11 USC §503.

Allowed Claim means a Claim (a) in respect of which a proof of claim has been filed with the Court within the applicable period of limitation fixed by Rules 3001 or 3003 or (b) scheduled in the list of creditors prepared and filed with the Court pursuant to Rule 1007(b) and not listed as disputed, contingent, or unliquidated as to amount, in either case as to which no objection to the allowance thereof has been interposed within any applicable period of limitation fixed by Rule 3001 or an order of the Court, or as to which any such objection has been determined by an order or judgment which is no longer subject to appeal and as to which no appeal is pending.

Allowed Secured Claim means an Allowed Claim secured by a lien, security interest or other charge against, or interest in, property in which the Debtor has an interest, or which is subject to setoff under 11 USC §553, to the extent of the value (as set forth in this Plan, or if no amount is set forth or if an objection to this plan is filed, then as determined in accordance with 11 USC §506(a) of the interest of the holder of such Allowed Claim in the Debtor's interest in such property or to the extent of the amount subject to such setoff, as the case may be.

Allowed Unsecured Claim means an Allowed Claim not secured by a lien, security interest or other charge against or interest in property in which the Debtor has an interest, or which is not subject to setoff under 11 USC §553.

Case References to this Case are to this Case No. 24-11738-CMA in the Court.

Claim means any right to payment, right to an equitable remedy, or cause of action, against the Debtor in existence on or as of the Petition Date, or relating to or arising out of events that occurred before the Petition Date, whether or not such right to payment or right to an equitable remedy is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, secured or unsecured.

Class means any class into which Claims are classified pursuant to the Plan.

Confirmation Date means the date upon which the Order of Confirmation is entered by the Court.

Confirmation Order or Order of Confirmation means the order entered by the Court confirming the Plan in accordance with the provisions of Chapter 11 of the Code, unless such Order is subject to appeal, or as to which an appeal is pending; and with respect to which a stay has been entered which precludes implementation of the Plan.

Court or Bankruptcy Court means the United States Bankruptcy Court for the Western District of Washington, in which the Debtor's Chapter 11 case, pursuant to which the Plan is proposed, is pending, or such other court having jurisdiction of this bankruptcy proceeding.

Debtor or Reorganized Debtor means Mighty-O Corp.

Disputed Claim means a Claim against the Debtor (a) which has been included in the Debtor's Schedules of Assets and Liabilities as disputed, contingent, or unliquidated, or (b) which is stated in this Plan or the accompanying disclosure statement as being disputed, or (c) as to which an objection has been filed and which objection is not the subject of a Final Order and has not been withdrawn.

Effective Date shall mean the day after the appeal period expires from the Confirmation Order.

Equity Interest means ownership interests of the Debtor.

Executory Contracts are those contracts which are executory contracts or unexpired leases within the meaning of 11 USC §365.

Final Order means an order or judgment entered by a court that has not been amended, modified or reversed, and as to which (1) no stay is in effect, (2) the time for seeking a hearing, file a notice of appeal or petition for certiorari has expired, (3) no appeal, request for stay, petition seeking certiorari, or other review has been timely filed and is pending, provided however that the possibility that a motion under 11 USC §502(j), Rule 59 or 60 of the Federal Rules of Civil Procedure, or analogous rule (whether state or federal) may be but has not been filed with respect to such order shall not cause such order not to be a Final Order.

Holder means a person or entity, legally or beneficially, holding a Claim or Equity Interest.

Insider carries the same definition as at 11 USC §101(31)(B) and includes, without limitation with respect to Debtor, a (i) director of the Debtor, (ii) officer of the Debtor, (iii) person in control of the Debtor, or (vi) relative of a general partner, director, officer, or person in control of the Debtor.

Petition Date means July 14, 2024, the date on which Debtor filed the petition with the Court.

Plan means this Chapter 11 Plan, as amended in accordance with the terms hereof or modified in accordance with the Code.

Plan Disbursement Account means the account the Debtor will establish at Heritage Bank for depositing and disbursing Plan payments to creditors.

Substantial Consummation: has the meaning set forth in 11 USC §1101(2).

Treatment means the treatment, of the Holders of Claims or Equity Interests, as provided for in this Plan.

1 DAVID McALLISTER (SBN 37755)
2 JESSE A.P. BAKER (SBN 36077)
3 **ALDRIDGE PITE, LLP**
4 The Ogden Building
5 9311 SE 36th St, Ste 207
6 Mercer Island, WA 98040
7 Telephone: (425) 644-6471
8 Facsimile: (619) 590-1385

Honorable Christopher M. Alston
Chapter: 11
Hearing Location: Seattle
Hearing Date: 12/5/2024
Hearing Time: 9:30 AM
Response Date: 11/27/2024

Mailing Address:

3333 Caminio del Rio South, Suite 225
San Diego, CA 92108
Telephone: (858) 750-7600
Facsimile: (619) 590-1385

Attorneys for Secured Creditor:
UMPQUA BANK

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON (SEATTLE)

In re

MIGHTY-O CORP

Debtor(s) and Debtor(s) in Possession.

Case No: 24-11738-CMA

Chapter 11 (Sub V)

**STIPULATION RE: NON-MATERIAL
MODIFICATION TO DEBTOR'S SUB V
CHAPTER 11 PLAN AS TO UMPQUA
BANK'S CLASS 2 SECURED CLAIM**

Class 2

SUBJECT PROPERTY:

Debtor's Business Assets
UCC-1 Financing Statement

The Stipulation Re: Non-Material Modification to Debtor's Sub V Chapter 11 Plan as to Umpqua Bank's Class 2 Secured Claim ("Stipulation") is entered into by and between Secured Creditor, Umpqua Bank (collectively, the "Umpqua Bank"), and Debtor, Mighty-O Corp. ("Debtor") by and through their respective attorneys' of record.

I. STATEMENT OF FACTS

A. THE LOAN

The Loan is evidenced by a U.S. Small Business Administration ("SBA") promissory note dated April 28, 2017, executed by Debtor in favor of Columbia State Bank ("Lender") in the

Exhibit D

1 principal sum of \$349,000 (the “Note”). (*See, Claim No.3-1*)

2 To secure Note, the Debtor executed a Commercial Security Agreement dated April 28,
3 2017 (the “Security Agreement”), granting Lender a security interest in personal property
4 including, but not limited to all inventory, equipment, accounts, instruments, fixtures, and general
5 intangibles (hereinafter, the “Collateral”), as more fully set forth within the Security Agreement.
6 (*See, Claim No.3-1*).

7 Lender perfected its security interest in the Collateral by filing a UCC-1 Financing
8 Statement (the “UCC-1”) on May 9, 2017, as File Number 2017-129-8466-8. (*See, Claim No.3-*
9 *1*). On February 28, 2022, Lender filed a UCC Financing Continuation Statement as File Number
10 2022-059-0434-7 (the “Continuation Statement”) (*Id*)

11 Subsequently, the Debtor and Lender executed a Change In Terms Agreement dated April
12 10, 2020 (the “CIT”), that provided for a temporary deferment of the Debtor’s May 2020 through
13 June 2020 payments under the Note. (*See, Claim No.3-1*). The Note, Security Agreement, UCC-
14 1, and CIT may be referred to collectively herein as the “Loan.”

15 Effective March 1, 2013, Lender merged with and into Umpqua Bank. (*See, Claim No.3-*
16 *1*).

17 **B. DEBTOR’S CHAPTER 11 BANKRUPTCY CASE**

18 On July 14, 2024 (the “Petition Date”), Debtor filed the instant bankruptcy petition under
19 Subchapter V of Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Western
20 District of Washington, Seattle Division, and was assigned Case No. 24-11738-CMA. (*See, Dkt.*
21 *No.1*).

22 Umpqua Bank filed a Proof of Claim against the Debtor’s estate for \$118,756.95 secured
23 by the Property with prepetition arrears of \$0.00. (*See, Claim No.3-1*).

24 On October 15, 2024, Debtor filed its Sub V Chapter 11 Plan of Reorganization with the
25 Court. (*See, Dkt. No.67*). Umpqua Bank’s Claim is identified as a Class 2 Impaired Secured Claim
26 as to the Collateral in the allowed amount of \$110,000, plus reasonable attorneys’ fees and costs,
27 to accrue interest at 8% per annum over seven (7) years with monthly payments of \$1,715.00 per
28 month. (*Id*).

1 On October 17, 2024, the Court entered an Order Setting Confirmation Hearing an Related
2 Deadlines whereby the confirmation hearing on the Debtor's Plan was scheduled for December 5,
3 2024, at 9:30 a.m. in the above-entitled Court and the deadline to submit ballots regarding the Plan
4 and to file objections to confirmation of the plan was set for no later than November 27, 2024.
5 (*See*, Dkt. No.68).

6 The parties have met and conferred regarding the Debtor's Plan, and desire to resolve any
7 possible objection thereto by this Stipulation.

8 **IT IS HEREBY STIPULATED:**

9 1. Class 2 Secured Claim. Umpqua Bank shall have an allowed, fully secured claim
10 against the Collateral in the amount of \$125,412.97 consisting of the principal loan balance of
11 \$103,143.92, interest in the sum of \$169.05, inspection fees of \$1260 and reasonable attorney's
12 fees in the sum of \$20,840 to be amortized over 84 months at a fixed rate of 8% interest per annum
13 ("Secured Claim").

14 2. Contractual Payments. Debtor shall tender regular monthly contractual payments
15 of principal and interest to Umpqua Bank on the fifth day of each month for the Secured Claim
16 commencing January 5, 2025, and continuing on the fifth day of each month thereafter until
17 December 5, 2032, when all outstanding amounts owed on the Secured Claim as required per the
18 terms and provisions of this Stipulation and Loan Documents shall be paid in full. The amount of
19 the monthly payment shall be \$1,954.71, and payments shall be automatically withdrawn by
20 Umpqua Bank from the Debtor's bank account.

21 3. Insurance on the Business Assets. Debtor agrees to maintain commercially
22 appropriate insurance on all its Collateral subject to Umpqua Bank's Secured Claim that also
23 identifies Umpqua Bank an additional loss payee, and provide Umpqua Bank or its counsel with
24 proof of such insurance upon written request.

25 4. Except as otherwise expressly provided herein, all remaining terms of the Loan
26 documents, which are incorporated herein by this reference, shall govern the treatment of Umpqua
27 Bank's Secured Claim.

28 //.

1 5. Post-Confirmation Default. In the event Debtor obtains a consensual Confirmation
2 pursuant to 11 U.S.C. § 1191(a), the automatic stay shall terminate under §362(c)(2)(C) and
3 Umpqua Bank may provide Debtor notice of any default in accordance with the Loan documents
4 and applicable state law and/or proceed with its remedies as to the Collateral under the terms of
5 the Loan documents and applicable state law without further notice, order, or proceeding of this
6 Court. In the event Debtor obtains a Confirmation under §1191(b), and prior to either closing of
7 the Debtor's Chapter 11 Case, or entry of Discharge, whichever occurs first, Umpqua Bank agrees
8 to provide Debtor and Debtor's counsel with written notice of default, and provide the Debtor with
9 thirty calendar days from the date on the written notice to cure the default. If Debtor fails to cure
10 the default within thirty days, then Umpqua Bank shall be entitled to proceed with its remedies as
11 to the Collateral under the terms of the Loan documents and applicable state law without further
12 notice, order, or proceeding of this Court.

13 6. Any forbearance by Umpqua Bank in exercising any right or remedy, including,
14 without limitation, accepting payments from third persons, entities or successors in interest to
15 Debtor, or in amounts less than the amount due shall not be a waiver of or preclude Umpqua Bank
16 exercise of any right or remedy under this Stipulation or the Loan. The acceptance by Umpqua
17 Bank of a late or partial payment shall not act as a waiver of its right to proceed hereunder or under
18 the Loan documents.

19 7. The Debtor reviewed and has no objection to Umpqua Bank's Proof of Claim, and
20 Umpqua Bank's Claim is not disputed as to validity, priority, and/or extent, and Debtor shall not
21 seek to subordinate Umpqua Bank's Secured Claim in anyway.

22 8. Personal Guarantee/Release or Injunction. The Debtor, including its officers,
23 principals, and shareholders, acknowledge that the personal guarantee of Ryan B. Kellner executed
24 in connection with and as consideration for the pre-petition Loan remains in full force and effect
25 and Umpqua Bank's rights and remedies thereunder are reserved and not impacted by the Debtor's
26 Plan. Further, any release and/or injunctive provision in the Debtor's Plan shall not apply or impair
27 Umpqua Bank's rights as to the personal guaranty obligation.

28 ///

1 9. Debtor shall attach a copy of this Stipulation to any subsequent Chapter 11 Plan
2 filed in this case (including, but not limited to, any amended or modified Chapter 11 Plan that may
3 be attached to any Confirmation Order), or the Confirmation Order on Debtor's Plan, as an exhibit,
4 and said Plan or Confirmation Order shall expressly and fully incorporate the terms and provisions
5 of this Stipulation therein by reference. Counsel for Debtor agrees to allow counsel for Umpqua
6 Bank review and approve any subsequent Chapter 11 Plan and/or Confirmation Order prior to
7 filing the same with the Court in order to ensure compliance herewith. In the event of a conflict
8 between a provision of Debtor's Plan as to the treatment of Umpqua Bank's Secured Claim and
9 this Stipulation, the Stipulation shall control. Further, the terms and provisions of this Stipulation
10 may not be modified, altered, or changed by any subsequent Chapter 11 Plan without the express
11 written consent of Umpqua Bank, or upon noticed hearing with the Court.

12 10. In the event the Debtor's case is dismissed or converted to any other chapter under
13 Title 11 of the United States Bankruptcy Code, Umpqua Bank shall retain its liens in the full as to
14 the respective Loan, the Loan shall revert to its pre-confirmation terms and amounts, with any
15 payments received hereunder applied per the pre-confirmation contractual terms.

16 11. In exchange for the forgoing, Umpqua Bank shall provide a ballot voting in favor
17 of the Debtor's Sub V Chapter 11 Plan of Reorganization for the Class 2 Secured Claim.

18 Approved as to form and content:

19 Dated: December 11, 2024

LAW OFFICES OF JAMES E. DICKMEYER, P.C.

20
21 By: /s/ James E. Dickmeyer

JAMES E. DICKMEYER (SBN 14318)

22 Attorneys for Debtor

23 Dated: December 18, 2024

ALDRIDGE PITE, LLP

24 By: /s/ David E. McAllister

DAVID McALLISTER (SBN 37755)

25 Attorneys for Umpqua Bank
26
27
28